

The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

AVOCENT REDMOND CORP., a Washington
corporation,

Plaintiff,

v.

ROSE ELECTRONICS, a Texas general
partnership; PETER MACOUREK, an
individual; DARIOUSH "DAVID" RAHVAR,
an individual; ATEN TECHNOLOGY INC., a
California corporation; ATEN
INTERNATIONAL CO., LTD., a Taiwanese
Company; BELKIN INTERNATIONAL, INC.,
a Delaware corporation, and BELKIN INC., a
Delaware corporation

Defendants.

NO. C06-1711-RSL

AVOCENT'S OPPOSITION TO
DEFENDANTS' MOTION FOR
LEAVE TO AMEND INVALIDITY
CONTENTIONS

Plaintiff Avocent Redmond Corp. ("Avocent") opposes the motion of Aten Technology Inc., Aten International Co., Ltd. ("Aten"), Belkin International, Inc., and Belkin, Inc. ("Belkin"; collectively, "Defendants") seeking leave to amend their invalidity contentions.

There is no such thing as "new" prior art. Avocent's original patent application was filed more than 16 years ago on August 25, 1995. By definition, no prior art could be created after that date. *See* 35 U.S.C. § 102. Thus, Defendants are necessarily seeking to rely on prior art references, and contentions regarding prior art references, that are at least 16 years old.

AVOCENT'S OPPOSITION TO DEFENDANTS' MOTION FOR
LEAVE TO AMEND INVALIDITY CONTENTIONS - 1
(NO. C06-1711 MJP)

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1 Even when Defendants served their invalidity contentions in June 2007, the body of prior art
2 available to the Defendants was about 12 years old. This is not a situation where a relevant
3 document was recently generated and Defendants have not had the time to locate it. Caution
4 should be exercised in allowing Defendants to amend their contentions where they have had
5 such a long period of time for prior art to be uncovered. After all, Defendants are already
6 suggesting that they will attempt to amend their contentions again if they locate additional prior
7 art. (Defs' Motion (Dkt. No. 283), p. 9 ("As such, if new prior art references are discovered,
8 Defendants may seek appropriate leave to amend.")).

9 **I. THE REASON DEFENDANTS ARE SEEKING LEAVE TO AMEND THEIR**
10 **CONTENTIONS**

11 Defendants try to paint their request to amend their invalidity contentions as no big
12 deal. According to Defendants, they just want to add new prior art and invalidity arguments
13 based on what has been used by other defendants in cases since this case was stayed in October
14 2007. Nothing could be further from the truth. Defendants seek to distance themselves from
15 their 2007 invalidity contentions, completely change horses, and ride the invalidity contentions
16 and prior art used by Rose in the Court of Federal Claims action and by Raritan in the Southern
17 District of New York action. Far from the "minor" change that Defendants are selling to the
18 Court, this is a fundamental revamp of the entire invalidity side of this case.

19 The reason Aten and Belkin are so desperate to walk away from their old contentions
20 and adopt the Rose/Raritan contentions is because Aten's and Belkin's contentions were
21 submitted to the U.S. Patent and Trademark Office ("PTO") during multiple reexaminations of
22 Avocent's patents, and the PTO said that Avocent's claims were patentable over that art. This
23 is particularly significant since the PTO does not presume that claims are valid during
24 reexamination, unlike district court litigation in which claims are presumed valid as a matter of
25 statutory law. *See* 35 U.S.C. § 282. Thus, even under the higher standard for patentability that
26 applies in reexamination proceedings (*i.e.*, no presumption of validity), Avocent's patents were

1 unscathed by the 110 pages of invalidity contentions relied upon by Aten and Belkin in the
 2 2007 contentions. (*See* El-Gamal Decl. (Dkt. No. 286), Exh. 6 (2007 Invalidity Contentions)).
 3 Thus, regardless of how good Raritan's and Rose's contentions are (and they are not very
 4 good), they are better than the 2007 Aten/Belkin contentions which have been fully considered,
 5 and rejected, by the PTO during reexamination of Avocent's patents.¹

6 Significantly, when Rose asked Judge Pechman to stay the case pending PTO
 7 reexamination of Avocent's patents, it argued that the reexaminations would likely "simplify"
 8 this case. (Rose's Motion to Stay (Dkt. No. 167), pp. 7-8). Aten expressly joined in that
 9 motion (Dkt. No. 176); and Belkin did not oppose that motion. The only way that the
 10 reexamination proceedings could simplify this case was if the reexaminations resolved
 11 patentability/validity issues. Now that those patentability/validity issues have been resolved in
 12 Avocent's favor, Defendants want to amend their invalidity contentions by adding dozens of
 13 invalidity arguments and references to this case. This is obviously not going to simplify the
 14 case.

15 **II. DEFENDANTS HAVE NOT DEMONSTRATED GOOD CAUSE**

16 Defendants acknowledge that they must demonstrate good cause to allow them to
 17 amend their invalidity contentions. (Defs' Motion (Dkt. No. 283), p. 5). Under this court's
 18 Local Patent Rules, an example of good cause to amend invalidity contentions is the "recent
 19 discovery of material prior art despite earlier diligent search." Local Patent Rule 124. Thus,
 20 the Defendants must have: (1) recently discovered the prior art (*i.e.*, it must have been
 21 previously unknown to Defendants); (2) the prior art must be "material"; and (3) Defendants
 22 must have previously made a "diligent search" for prior art. In addition, allowing Defendants
 23 to amend their contentions must not cause undue prejudice to Avocent. *Id.*

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 26 ¹ Most of Raritan's and Rose's invalidity contentions have also been considered by the PTO either during the original prosecution or the multiple reexaminations of Avocent's patents.

A. Defendants Do Not Allege that They Did Not Know About the “New” Prior Art

For the prior art to have been “recently discovered” by Defendants, it must have been previously unknown to Defendants. After all, if they previously knew about the prior art, Defendants could not have recently *discovered* it.

Defendants submit the declarations of Vision Winter and Ming-Tao Yang to try to show that Defendants did not know about the “new” prior art. But a careful reading of those declarations implicitly reveals that Aten and Belkin did know about the prior art. Mr. Yang states that “ATEN *did not become aware of the prior art* identified in Defendants’ motion for leave to amend, *or did not appreciate their significance*, until after the case was stayed.” (Yang Decl. (Dkt. No. 285), ¶ 2 (emphasis added)). Likewise, Mr. Winter states that “[i]t is my understanding that *each of these prior art references was unknown to Belkin or the significance was not fully appreciated* before the October 30, 2007 stay was entered.” (Winter Decl. (Dkt. No. 284), ¶ 4 (emphasis added)).

Not being aware and not fully appreciating the prior art are opposites. Not appreciating the significance of the prior art necessarily means that Aten and Belkin knew about the prior art references. Obviously, if it were true that Aten and Belkin did not know about the prior art, Messrs. Yang and Winter would not have said that they did not appreciate the “significance” of the references. Instead, they would have just said that Aten and Belkin did not know about the references, period. Thus, although carefully worded, the Yang and Declarations implicitly reveal that Aten and Belkin knew about the “new” prior art references. Accordingly, these references are not “recently discovered,” as stated in Local Patent Rule 124.²

In addition, Defendants have led Avocent to believe that Aten, Belkin and Rose had entered a Joint Defense or Common Interest Agreement. For example, Defendants have made

² Defendants’ motion, and the Yang and Winter Declarations, do not treat the three groups of prior art separately. Thus, Avocent has treated them collectively as well. It would be fundamentally unfair, and improper, for Defendants to make separate arguments regarding the prior art groups in their reply brief.

1 discovery objections based on the common interest privilege, and have vaguely referred to a
2 joint defense agreement during telephone calls. If true, then the attorneys for Rose became the
3 attorneys for Aten and Belkin for the subject matter that was of common interest to the
4 defendants. *See United States v. McPartlin*, 595 F.2d 1321, 1337 (7th Cir. 1979) (“The
5 attorney who thus undertakes to serve his client’s co-defendant for a limited purpose becomes
6 the co-defendant’s attorney for that purpose.”). This would have included the defendants’ joint
7 interest in having Avocent’s patents declared invalid. Indeed, Aten, Belkin and Rose jointly
8 prepared and jointly filed the invalidity contentions in 2007. (*See* El-Gamal Decl., Exh. 6).
9 Rose certainly knew of its own alleged prior art activities, and thus, that knowledge by Rose’s
10 counsel should be attributed to both Aten and Belkin. After all, they were working jointly to
11 develop prior art invalidity contentions under the terms of an undisclosed joint defense
12 agreement.

13 In any event, not fully appreciating a co-defendant’s prior art is not a basis to find that
14 Defendants diligently searched for prior art. Defendants knew of the alleged Rose prior art, but
15 chose to rely upon other prior art instead.

16 **B. Defendants Have Not Even Attempted to Demonstrate that the Prior Art is**
17 **“Material”**

18 Material prior art is prior art that is more relevant than the prior art of record. *See Star*
19 *Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1367 (Fed. Cir. 2008) (“It is well-
20 established, however, that information is not material if it is cumulative of other information
21 already disclosed to the PTO.”). In other words, it must disclose more elements of the claims
22 than the prior art of record discloses. In this case, it is impossible for any of the “new” prior art
23 to be material. Indeed, Defendants made no attempt whatsoever to demonstrate that the “new”
24 prior art is material.

25 Defendants’ 2007 invalidity contentions alleged that every one of Avocent’s asserted
26 claims is anticipated by one or more prior art references. (*See* El-Gamal Decl., Exh. 6, pp. 8-

16). In other words, there is one reference (or in some cases, more than one reference) that individually discloses all elements of Avocent's claims, according to Defendants. Thus, none of the "new" prior art Defendants seek to rely upon could be more pertinent than the prior art references already disclosed in their 2007 contentions. Consequently, the prior art references that Defendants seek leave to add to their contentions are not "material."

C. Defendants Were Not Diligent In Searching for Prior Art

Aten and Belkin were either not diligent in searching for prior art or they are not being totally forthcoming. The first place every defendant looks for prior art is companies that were in the same business at the time the patent application was filed. Rose Electronics ("Rose") was in the KVM switch business before Avocent filed its original patent application in August 1995. It is unreasonable to think that Aten and Belkin did not investigate what prior art their co-defendant Rose had when this litigation began in 2007. This is especially true since Rose was sued on this same family of patents in 1998 when the first patent in this family issued from the PTO. As an accused infringer in 1998, Rose had every motive to examine its own activities and products for potential prior art, and maintain that prior art in the event that Avocent sued Rose again on the same patent family.³ Since neither Aten nor Belkin identified the alleged "prior invention" prior art in 2007, they apparently did not investigate what prior art Rose had, and thus, they were not diligent in searching for prior art.

Defendants were not diligent with respect to the two Japanese references either. Messrs. Yang and Winter both stated that Aten and Belkin analyzed the file histories for the related patents and related patent applications that are part of the same patent family, and the prior art cited in those files. (Yang Decl. (Dkt. No. 285), ¶ 1.b; Winter Decl. (Dkt. No. 284), ¶ 8.a). Yet, as Defendants acknowledge, the two Japanese references were cited in a related

³ Avocent dismissed the 1998-1999 litigation against Rose expressly *without prejudice*.

Japanese counterpart application. (Defs' Motion, p. 6 n.25; *see also* El-Gamal Decl., ¶ 17 (describing foreign counterpart applications as "related" applications)).⁴

The third group of "new" prior art is described by Defendants as Deifendorff, PolyCon, Engelbart, Howse, and Tragen/Q-Net. Defendants do not identify how Rose allegedly first uncovered those references, and thus, neither Avocent nor the Court can determine whether Aten and Belkin should have located those references based on the search efforts they conducted. In fact, the Tragen reference is cited on the front of Avocent's U.S. Patent No. 5,884,096 as a reference considered by the PTO. The PolyCon reference was cited to the PTO in related U.S. Patent No. 7,113,978. The '096 and '978 patents are two of the patents-in-suit in this litigation. Aten and Belkin could not possibly have been diligent in their prior art searches since they did not locate two of the prior art references cited to the PTO during prosecution of the patents-in-suit.

D. Allowing Defendants to Amend Their Contentions Would Cause Undue Prejudice to Avocent

Avocent would suffer evidentiary prejudice by allowing Defendants to modify their contentions at this point in the case. The primary defense Defendants seek to add is the alleged Section 102(g) "prior invention" defense Rose advanced in connection with the parallel Court of Federal Claims action. That defense is based on the assertion that one of Rose's general partners, Mr. Macourek, invented the subject matter of Avocent's patents before Avocent's inventors did. Thus, the dispute is over what happened in 1993 through 1995 – *i.e.*, 16-18 years ago.

After Rose first unveiled this defense in late-2009 and early-2010, Avocent went back to its files and computer archives to locate records corroborating the inventors' statements that they invented the subject matter of the patents in 1994. (*See* Exh. 1 and 2).⁵ Avocent scoured

⁴ Contrary to Defendants' assertion, the Japanese files were produced to Defendants in early August 2007.

⁵ Exhibits 1 and 2 are the declarations of Messrs. Beasley and Foster describing their efforts to locate engineering documents from the 1990s. These declarations were prepared and filed with Judge Castel in the

1 its archived materials and those efforts achieved moderate success. Avocent was able to locate
2 files such as computer source code showing that Avocent had invented the subject matter of the
3 patents no later than 1994 (prior to the date Rose claims to have invented it). But, there
4 undoubtedly would have been additional records located that would have corroborated
5 Avocent's invention date had this prior invention defense been asserted by Defendants in 2007
6 before this case was stayed. For example, in 2008, Avocent moved from one building to a
7 significantly smaller building. As part of the move, there were a number of files that were not
8 believed to be important that were discarded. It is unknown whether any of those files
9 contained additional invention records or not. But, by allowing Defendants to amend their
10 contentions, Avocent is absolutely unable to search those records for additional relevant
11 information.

12 Four years have passed since Defendants should have brought these new invalidity
13 contentions. During that time, memories have faded, and potentially relevant documents
14 rebutting the alleged prior invention defense may have been lost. The evidentiary prejudice to
15 Avocent is readily apparent.

16 **III. CONCLUSION**

17 Although Defendants acknowledge that they can only amend their invalidity
18 contentions upon a showing of good cause, Defendants have entirely failed to meet that
19 standard. The supporting declarations implicitly concede that Defendants knew about the prior
20 art they now seek to rely upon. Moreover, they have not demonstrated that these references are
21 more material than the references previously relied upon, or that they diligently searched for
22 prior art.

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Avocent v. Raritan case to describe the detailed and lengthy efforts undertaken to locate engineering documents, and in particular, documents related to KVM switches sold to Microsoft.

1 DATED this 12th day of December 2011.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on December 12, 2011, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

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